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RESEARCH ARTICLE

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AN INVESTIGATION ON THE CHALLENGES FACED BY SMALL BUSINESSES IN RURAL AREAS POST-COVID THAT CONTRIBUTE TO THEIR FAILURE: A CASE STUDY OF CHIVI GROWTH POINT

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ABSTRACT

The COVID-19 epidemic has posed unique difficulties for small enterprises, especially those in rural areas, worsening their pre-existing obstacles caused by their isolated locations, sparse population, and scarce resources. There is insufficient information about the particular issues that rural small companies have after COVID-19. The study concentrated on Chivi Growth Point as a typical rural location, utilizing a case study approach and survey methods including 193 small companies. Small enterprises at Chivi Growth Point face obstacles like power outages, finance constraints, insufficient communication infrastructure, restricted technology access, and a shortage of business training and assistance. Policymakers and stakeholders can overcome these challenges by upgrading infrastructure, increasing access to funding, promoting technical breakthroughs, and offering customized business training programs. This study illuminates the particular obstacles experienced by small enterprises in Chivi Growth Point and emphasizes the wider concerns faced by rural small businesses after the COVID-19 pandemic. Specific measures are needed to improve the resilience and sustainability of rural small businesses following the epidemic.

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INTRODUCTION

The COVID-19 pandemic has significantly affected global economies, especially small enterprises which are most susceptible to its consequences (Hu and Gao, 2021). Businesses in rural areas confront distinct problems because of their remote locations, low population density, and limited resources. The epidemic has worsened existing barriers and introduced new challenges that endanger the survival and revival of rural small companies (Fabeil *et al.*, 2020). It is crucial to comprehend the unique obstacles encountered by small enterprises in rural areas in the aftermath of COVID-19 to create successful methods that aid in their recovery and sustained prosperity (Fabeil *et al.*, 2020). There is a notable lack of understanding of these problems and their impact on rural entrepreneurship. This study centers on Chivi Growth Point as a typical rural location and analyzes the distinct obstacles encountered by small companies in this setting during the COVID-19 pandemic. Chivi Growth Point represents a rural hamlet characterized by sparse infrastructure, low population density, and a secluded setting. This study intended to examine the issues faced by small enterprises in Chivi Growth Point after the COVID-19 pandemic to understand the specific obstacles impacting rural entrepreneurship in the post-pandemic era. There is lack of in-depth understanding of the difficulties encountered by small enterprises in rural areas in the post-COVID-19 era.

Rural small enterprises have been greatly impacted by the epidemic, jeopardizing their chances of survival and expansion (Nseobot, 2020; Engidaw, 2020). Despite facing existing hurdles related to their geographical locations, these businesses are now encountering new obstacles to their recovery as a result of the epidemic. This study examined the particular obstacles encountered by small enterprises in Chivi Growth Point and analyzed how these obstacles lead to their failure in the post-COVID-19 era. This study tried to discover the distinctive challenges hindering the long-term survival and recovery of small firms in rural settings like Chivi Growth Point by evaluating its unique characteristics and circumstances.

The significance of this study is its capacity to fill the knowledge void regarding the obstacles encountered by small enterprises in rural areas in the post-COVID-19 period. Policymakers, organizations, and stakeholders may create specific strategies, policies, and support systems to help rural small businesses recover and thrive by better understanding these obstacles. This study's results can enhance the current information on rural small companies and offer significant insights into the specific obstacles they encounter in the post-pandemic era. This information can guide the creation of successful interventions and programs to improve the resilience and sustainability of small companies in Chivi Growth Point and other rural areas.

MATERIALS AND METHODS

This study utilized a case study methodology to investigate the challenges faced by small businesses in Chivi Growth Point after the COVID-19 pandemic. The case study design facilitated an in-depth examination of the region, offering extensive quantitative data to comprehend the specific challenges encountered by small businesses in rural areas. Previous research conducted by Nunes (2022), Luamba (2021), Bowen (2021), and Hofmann (2022) has emphasized the advantages of employing a case study methodology to examine the obstacles faced by small businesses, such as startups and sustainable enterprises, across different sectors. A mixed sample technique was used, incorporating stratified, purposive, and random sampling to ensure varied representation across various sectors and types of businesses. Surveys were carried out using a closed-ended questionnaire to collect quantitative data on the challenges encountered by small businesses. 193 small firms in Chivi Growth Point were selected for the sample based on their availability and willingness to participate. Descriptive statistics were utilized to examine the quantitative data, offering insights into the difficulties encountered by small businesses. Stringent ethical protocols were adhered to, including obtaining informed consent from participants and ensuring the anonymity of responses.

RESULTS

Impact of inadequate infrastructure on business failure at Chivi:

The t-test results on the influence of insufficient infrastructure on business closure at the Chivi development point after COVID-19 show the mean score for Variable 1, representing absence of infrastructure, is 0.608, while for Variable 2, denoting other factors, it is 0.392. Both variables have a variance of 0.01342, with each variable having five observations. The Pearson correlation coefficient between absence of infrastructure and other factors is -1, suggesting a perfect negative association. The hypothesis posits that there is no discrepancy in the averages of the two variables, with a proposed mean difference of 0. The test has two degrees of freedom. The T-statistics is 2.08 with a one-tailed p-value of 0.052. The crucial t-value for one-tailed test with a significance level of 0.05 is 2.1318. The p-value for two-tailed test is 0.105467, and the crucial t-value at a significance level of 0.05 is 2.7764. The results indicate a possible substantial disparity in means between the lack of infrastructure and other factors. The evidence did not meet the standard level of statistical significance ($p\text{-value} < 0.05$) in either the one-tailed or two-tailed tests.

Closure of businesses: The t-test results regarding the possible closure of Chivi enterprises post-COVID-19 can be stated as follows: Variable 1, related to the probable closure of firms, has an average score of 0.765, while Variable 2, concerning other contributing variables, has an average score of 0.235. Both variables have a variance of 0.00245, based on two observations for each variable. A Pearson correlation coefficient of -1 signifies a complete negative link between business closure potential and other parameters. The hypothesis posits that there is no disparity in the means of the two variables, with an anticipated mean difference of 0. The test has one degree of freedom. The t-statistics is 7.5714, and the one-tailed p-value is 0.041799. The crucial t-value for a one-tailed test with a significance level of 0.05 is 6.31375. The p-value for a two-tailed test is 0.083598, and the crucial t-value at a 0.05 significance level is 12.7062. The results show a statistically significant difference in averages between business closure and other factors after COVID-19 in Chivi. Both the one-tailed and two-tailed tests have p-values below the standard threshold of 0.05. The data indicates that Chivi firms are at a higher risk of closure in the post-Covid-19 timeframe compared to other factors. The results emphasize a notable disparity in the expected probability of business shutdown. This highlights the significant influence of the COVID-19 pandemic on businesses and stresses the necessity of enacting efficient policies and offering

assistance to avoid shutdowns and stimulate economic revival in Chivi.

Results regarding the effect of enhanced infrastructure on enterprises in Chivi: The influence of improved infrastructure on businesses in Chivi can be succinctly explained by the t-test outcomes. The mean score for Variable 1, which represents superior infrastructure, is 0.5575, but the mean score for Variable 2, which represents other elements, is 0.4425. Both variables have a variance of 0.00809, based on four observations for each. The Pearson correlation coefficient between expanded infrastructure and other variables is -1, signifying a perfect negative association. The hypothesis posits that the means of the two variables are identical, with an expected mean difference of 0. The test contains three degrees of freedom. The t-statistics is 1.2784, and the one-tailed p-value is 0.14551. The critical t-value for a one-tailed test with a significance level of 0.05 is 2.353. The p-value for a two-tailed test is 0.29103, and the crucial t-value at a significance level of 0.05 is 3.1824. The results suggest that there is no statistically significant evidence to show a difference in the means of better infrastructure compared to other elements in improving firms in Chivi. Both the one-tailed and two-tailed test yield p-values that exceeds the standard threshold of 0.05. The findings indicate that improved infrastructure in Chivi may have some benefits for enterprises, but there is not enough evidence to show a significant impact.

Lack of government support being the primary cause of business failure:

Summarizing the t-test results, the key cause of company failure in Chivi is identified as the lack of government support. The mean score for Variable 1, representing absence of government backing, is 0.73, but the mean score for Variable 2, encompassing other variables, is 0.27. Both variables have a variance of 0.0028, each based on three observations. The Pearson correlation value between lack of government support and other factors is -1, signifying a perfect negative association between the two variables. The hypothesis posits that the means of the two variables are identical, with an anticipated mean difference of 0. The test has two degrees of freedom. The t-statistic is 7.5285, with a one-tailed p-value of 0.00859. The one-tailed test crucial t-value at a significance level of 0.05 is 2.919985. The p-value for a two-tailed test is 0.01718974, and the crucial t-value at a significance level of 0.05 is 4.30265273. The results show a substantial and statistically significant disparity in the means of the lack of government support compared to other factors as the main causes of business failure in Chivi. Both the one-tailed and two-tailed tests show p-value significantly below the standard threshold of 0.05. The research indicates that the absence of government assistance is a major factor in the failure of businesses in Chivi. Businesses notice a substantial difference in the assistance they get from the government compared to other variables contributing to their downfall. The results underscore the necessity of enhancing of government support systems to foster the success and expansion of companies in Chivi.

Personal education as a potential reason of company failure in Chivi:

Summarizing the t-test results regarding personal enhancement as a potential cause of firm failure in Chivi: The mean score for Variable 1 (personal enhancement) is 0.376666667, while for Variable 2 (other features) it is 0.623333333. Both variables have a variance of 0.106133333, each based on three observations. The Pearson correlation coefficient between personal enhancement and other factors is -1, signifying a perfect negative association between the two variables. The hypothesis posits that there is no disparity in the averages of the two variables, with a suggested mean deviation of 0. The test has two degrees of freedom. The t-statistic is -0.6557, and the one-tailed p-value is 0.289677648. The one-tailed crucial t-value for a test with a significance level of 0.05 is 2.919985. The p-value for a two-tailed test is 0.5793, and the crucial t-value at a significance level of 0.05 is 4.30265. The results show no statistically significant evidence of a difference between the means of personal enhancement and other factors as causes of business failure in Chivi. Both the one-tailed and two-tailed tests have p-value greater than the customary threshold of 0.05.

DISCUSSION

The study indicates a possible difference in averages between the absence of infrastructure and other variables in Chivi. However, the evidence did not achieve statistical significance (p -value < 0.05) in the tests performed. Previous studies by Edwards (2010), Bigham (2002), and Grömling (2018) have shown that inadequate infrastructure, such as energy distribution, telecommunications, and road networks, obstructs business operations in Chivi. The changes in characteristics found could be due to a decrease in living conditions, resulting in a diminished view of the significance of amenities like electricity. The data indicate a statistically significant difference in averages between business closure and other factors following COVID-19 in Chivi, suggesting a higher probability of closure. However, the impact of improved infrastructure is ambiguous. In contrast to other research studies (Yoshino, 2020; Langston, 2022) that highlight the importance of infrastructure investment in stimulating economic recovery and growth, particularly for small and medium-sized businesses. Lack of government support is a significant cause in business failure in Chivi, supporting Mutizwa (2021)'s assertion that inadequate government aid during the COVID-19 crisis worsens the collapse of businesses. Ineffective government business support programs and obstacles encountered by small and medium-sized firms in securing formal funding exacerbate the problem. Personal growth does not seem to play a major role in producing business failures in Chivi when compared to other aspects. Various research offers conflicting perspectives on this issue (Urban, 2008; Seenivasan, 2020; França *et al.*, 2014; Dié, 2016). In conclusion, the study emphasizes the substantial influence of the post-COVID-19 period on the heightened risk of business closure in Chivi. The results underscore the crucial importance of effective policies and government support in promoting economic recovery and fostering corporate prosperity and expansion. An in-depth investigation of local elements, such as infrastructure and external events, is essential to establish effective interventions and strategies for addressing the complex nature of business failure in Chivi.

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